

HOUSE BILL 1362

Q7

2lr3305

By: **Delegate Schuh**

Introduced and read first time: February 21, 2012

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Interest Rate on Tax Deficiencies and Refunds**

3 FOR the purpose of altering the calculation of the monthly interest rate on tax
4 deficiencies and refunds to one-twelfth of a certain annual interest rate above a
5 certain average prime rate of interest quoted by commercial banks to large
6 businesses; providing that the interest rate may not be less than a certain rate
7 for certain calendar years; repealing a requirement that the Comptroller
8 annually set the interest rate; providing for a delayed effective date; and
9 generally relating to the interest rate on tax deficiencies and refunds.

10 BY repealing and reenacting, with amendments,
11 Article – Tax – General
12 Section 13–604
13 Annotated Code of Maryland
14 (2010 Replacement Volume and 2011 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
16 MARYLAND, That the Laws of Maryland read as follows:

17 **Article – Tax – General**

18 13–604.

19 (a) **[The] SUBJECT TO SUBSECTION (B) OF THIS SECTION, THE** rate of
20 interest for each month or fraction of a month **[is the percent equal to one-twelfth of**
21 **the annual interest rate that the Comptroller sets for the calendar year under**
22 **subsection (b) of this section] FOR INTEREST ON REFUNDS AND MONEY OWED TO**
23 **THE STATE IS THE PERCENT EQUAL TO ONE-TWELFTH OF AN ANNUAL INTEREST**
24 **RATE EQUAL TO 3 PERCENTAGE POINTS ABOVE THE AVERAGE PRIME RATE OF**
25 **INTEREST QUOTED BY COMMERCIAL BANKS TO LARGE BUSINESSES DURING THE**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **STATE'S PREVIOUS FISCAL YEAR, BASED ON A DETERMINATION BY THE BOARD**
2 **OF GOVERNORS OF THE FEDERAL RESERVE BANK.**

3 [(b) On or before October 1 of each year, the Comptroller shall set the annual
4 interest rate for the next calendar year on refunds and moneys owed to the State as
5 the percent, rounded to the nearest whole number, that is at the percent that equals
6 the greater of:

7 (1) 13%; or

8 (2) 3 percentage points above the average prime rate of interest
9 quoted by commercial banks to large businesses during the State's previous fiscal
10 year, based on determination by the Board of Governors of the Federal Reserve Bank.]

11 **(B) (1) THE INTEREST RATE UNDER SUBSECTION (A) OF THIS**
12 **SECTION SHALL BE AT LEAST ONE-TWELFTH OF:**

13 **(I) 12.325% FOR CALENDAR YEAR 2013;**

14 **(II) 11.65% FOR CALENDAR YEAR 2014;**

15 **(III) 10.975% FOR CALENDAR YEAR 2015;**

16 **(IV) 10.3% FOR CALENDAR YEAR 2016;**

17 **(V) 9.625% FOR CALENDAR YEAR 2017;**

18 **(VI) 8.95% FOR CALENDAR YEAR 2018;**

19 **(VII) 8.275% FOR CALENDAR YEAR 2019;**

20 **(VIII) 7.6% FOR CALENDAR YEAR 2020;**

21 **(IX) 6.925% FOR CALENDAR YEAR 2021; AND**

22 **(X) 6.25% FOR CALENDAR YEAR 2022.**

23 **(2) FOR EACH CALENDAR YEAR AFTER 2022, THE INTEREST RATE**
24 **UNDER THIS SECTION IS THE INTEREST RATE DETERMINED UNDER SUBSECTION**
25 **(A) OF THIS SECTION.**

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
27 January 1, 2013.